News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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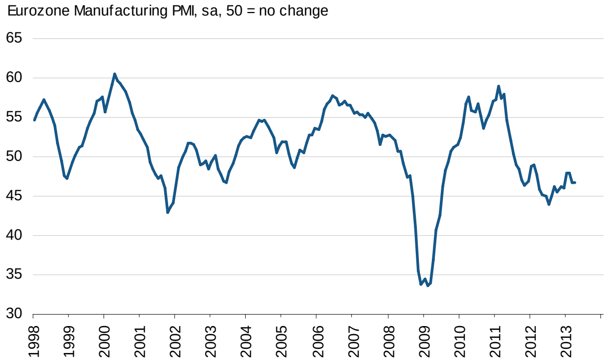
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing downturn deepens at start of second quarter

Data collected 12-23 April.

- Final Eurozone Manufacturing PMI at four-month low of 46.7 (flash: 46.5)
- German output contracts for first time in 2013, joining ongoing downturns elsewhere
- Job losses recorded across the currency union, as March recoveries in Germany and Austria prove short-lived

Manufacturing PMI® (overall business conditions)



Source: Markit.

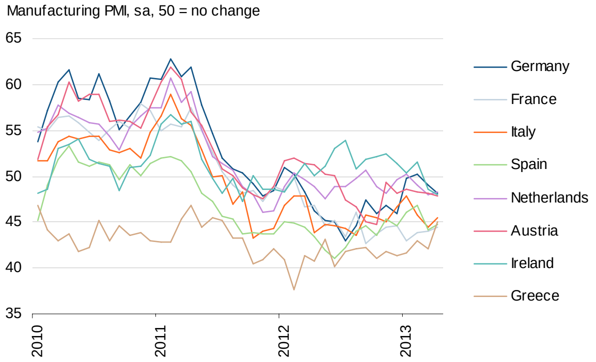
Eurozone manufacturing started the second quarter of 2013 on a weak footing, with conditions in the sector deteriorating at the sharpest pace in the year-to-date.

At 46.7 in April, down slightly from 46.8 in March, the seasonally adjusted Markit **Final Eurozone Manufacturing PMI®** signalled contraction for the twenty-first successive month – despite edging up from the earlier flash estimate of 46.5.

All of the national PMI indices signalled contraction in April. Rates of decline accelerated in Germany, Ireland and Austria, but eased in France, Italy, Spain, the Netherlands and Greece. The four worst performing nations nonetheless remained France, Italy, Greece and Spain.

Countries ranked by Manufacturing PMI® (Apr.)

Netherlands	48.2	2-month high
Germany	48.1	4-month low
Ireland	48.0	19-month low
Austria	47.8	6-month low
Italy	45.5	2-month high
Greece	45.0	21-month high
Spain	44.7	2-month high
France	44.4	4-month high



Source: Markit.

Production and **new order inflows** continued to weaken during the latest survey period. Output fell at the fastest pace during the year-to-date, while the rate of contraction in new business was broadly in line with March's three-month record. German output fell back into contraction, joining the ongoing downturns signalled in the other euro area nations surveyed.

The ratio between new orders and finished goods stocks – a good bellwether of future output – hit a four-month low in April, consistent with the trend in manufacturing output remaining weak in coming months.

Companies are still being impacted by lacklustre demand and subdued client confidence in both domestic and export markets. The rate of decline in **new export orders** accelerated to a four-month record in April, with Italy the only nation to see even a minor increase in new export business.

Lower levels of new export business were mainly due to reduced intra-eurozone trade flows. Tough conditions and strong competition in international markets also remained a drag on manufacturers' export performance, although there were reports of improved demand from the US and China.

The dual downturns in demand and production led to further **job losses** during April, the fifteenth reduction in payroll numbers in successive months. Spare capacity remained available despite the reduction in employment, as **backlogs of work** fell at the fastest pace in 2013 so far.

Rates of job loss accelerated in France and Ireland, but the steepest overall cuts were in Spain and Greece. The modest recoveries in payroll numbers signalled by Germany and Austria during March also proved short-lived, as both nations reported reductions to payroll numbers in April.

Price pressures abated in April, with output charges and input costs both falling. The rate of decline in average **output charges** accelerated to its quickest since January 2010, as market conditions remained subdued and highly price-competitive.

Average **purchase prices** fell at the sharpest pace since August 2009, amid reports of lower costs for a number of commodities. Reduced demand for raw materials also contributed to the reduction in input prices. This decline in purchasing activity, and ongoing disinvestment of stock holdings at manufacturers, are both likely to exert drags on broader economic conditions going forward.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The fact that the Eurozone Manufacturing PMI came in slightly higher than its flash reading offers little consolation to the fact that the index fell further in April, and suggests that the industrial sector is contracting at a quarterly rate of 0.5% at the start of the second quarter.

"Manufacturing therefore looks to be acting as a significant and increasing drag on the economy, raising the risk of a deepening contraction of GDP in the second quarter.

"There is nothing here to suggest that manufacturing will turn the corner and stabilise any time soon, putting greater onus on policymakers to act quickly to reinvigorate growth.

"The news that prices charged by companies for their goods fell at the fastest rate since the start of 2010 brings mixed signals. An easing of price pressures is a good thing from a policy perspective, opening the door for further central bank stimulus. However, it is also a worrying sign of a lack of pricing power and deflationary forces, highlighting the extent to which demand has slumped in recent months."

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Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 90% of Eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The April flash was based on 90% of the replies used in the final data.

The average differences between the flash and final *PMI* index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Eurozone Manufacturing *PMI*®	0.0	0.2

The *Purchasing Managers' Index* (*PMI*) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI* surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and revised data are available to subscribers from Markit. Please contact economics@markit.com.

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About PMIs
Purchasing Managers' Index® (PMI®) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.